



**Oasis Petroleum Inc.**

**Non-GAAP Financial Measures**

Adjusted EBITDA is a supplemental non-GAAP financial measure that is used by management and external users of the Company's consolidated financial statements, such as industry analysts, investors, lenders and rating agencies. The Company defines Adjusted EBITDA as earnings before interest expense, income taxes, depreciation, depletion, amortization, exploration expenses and other similar non-cash charges. Adjusted EBITDA is not a measure of net income or cash flows as determined by United States generally accepted accounting principles, or GAAP.

The following tables present a reconciliation of the non-GAAP financial measure of Adjusted EBITDA to the GAAP financial measures of net income and net cash provided by operating activities, respectively.

**Adjusted EBITDA Reconciliations**

	Three Months Ended December 31,		Year Ended December 31,	
	2013	2012	2013	2012
	<i>(In thousands)</i>			
<b>Adjusted EBITDA reconciliation to Net Income:</b>				
Net income	\$ 54,490	\$ 42,590	\$ 227,959	\$ 153,388
Change in fair value of derivative instruments	(9,404)	3,165	27,299	(27,619)
Interest expense, net of capitalized interest	41,736	21,191	107,165	70,143
Depreciation, depletion and amortization	101,276	65,951	307,055	206,734
Impairment of oil and gas properties	406	974	1,168	3,581
Exploration expenses	(452)	79	2,260	3,250
Stock-based compensation expenses	3,571	3,706	11,982	10,333
Income tax expense	32,432	25,774	135,058	92,486
Other non-cash adjustments	1,321	54	1,910	(2)
<b>Adjusted EBITDA</b>	<b>\$ 225,376</b>	<b>\$ 163,484</b>	<b>\$ 821,856</b>	<b>\$ 512,294</b>
<b>Adjusted EBITDA reconciliation to Net Cash Provided by Operating Activities:</b>				
Net cash provided by operating activities	\$ 161,175	\$ 110,258	\$ 697,856	\$ 392,386
Derivative settlements	(2,998)	3,761	(8,133)	6,545
Interest expense, net of capitalized interest	41,736	21,191	107,165	70,143
Exploration expenses	(452)	79	2,260	3,250
Debt discount amortization and other	(1,555)	(772)	(4,248)	(2,810)
Current tax expense	93	(57)	475	7
Changes in working capital	26,056	28,970	24,571	42,775
Other non-cash adjustments	1,321	54	1,910	(2)
<b>Adjusted EBITDA</b>	<b>\$ 225,376</b>	<b>\$ 163,484</b>	<b>\$ 821,856</b>	<b>\$ 512,294</b>

Adjusted Net Income is a supplemental non-GAAP financial measure that is used by management and external users of the Company's consolidated financial statements, such as industry analysts, investors, lenders and rating agencies. The Company defines Adjusted Net Income as net income after adjusting first for (1) the impact of non-cash items, including changes in fair value of derivative instruments, impairment of oil and gas properties and other



similar non-cash charges, and then (2) the non-cash items' impact on taxes based on the Company's effective tax rates in the same period. Adjusted Net Income is not a measure of net income as determined by GAAP.

The following table provides a reconciliation of the GAAP financial measure of net income to the non-GAAP financial measure of Adjusted Net Income for the periods presented.

### Adjusted Net Income Reconciliation

	Three Months Ended December 31,		Year Ended December 31,	
	2013	2012	2013	2012
	<i>(In thousands, except per share data)</i>			
<b>Net income</b>	\$ 54,490	\$ 42,590	\$ 227,959	\$ 153,388
Change in fair value of derivative instruments	(9,404)	3,165	27,299	(27,619)
Impairment of oil and gas properties	406	974	1,168	3,581
Other non-cash adjustments	1,321	54	1,910	(2)
Tax impact <sup>(1)</sup>	2,864	(1,581)	(11,302)	9,043
<b>Adjusted Net Income</b>	<b>\$ 49,677</b>	<b>\$ 45,202</b>	<b>\$ 247,034</b>	<b>\$ 138,391</b>
<b>Adjusted earnings per share:</b>				
Basic	\$ 0.53	\$ 0.49	\$ 2.66	\$ 1.50
Diluted	0.52	0.49	2.64	1.50
<b>Weighted average shares outstanding:</b>				
Basic	94,228	92,226	92,867	92,180
Diluted	94,821	92,509	93,411	92,513
Effective tax rate	37.3%	37.7%	37.2%	37.6%

- (1) The tax impact is computed utilizing the Company's effective tax rate on the adjustments for certain non-cash items.